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## Intelligence Report

Office of Near Eastern, South Asian, and African Analysis

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### Iraq: Restoring Diplomatic Representation in Baghdad

*Iraq is gradually breaking out of isolation by securing new or upgraded diplomatic ties. Over the past fifteen months Iraq's flouting of UN flight restrictions, regular penetrations of the no-fly zones, and senior level visits to Baghdad have convinced many countries that sanctions are eroding and that they should establish a foothold in Iraq in order to receive contracts under an expanded oil-for-food program and in the postsanctions period. This trend of gradually expanding ties is likely to continue.*

*While Iraq has successfully expanded its diplomatic representation abroad in the past few years—it now has 61 missions, five interests sections, and two consulates in economically and politically important countries—during the last fifteen months a flurry of countries have signaled their willingness to establish a reciprocal diplomatic presence in Baghdad. Some governments have calculated that the political cost of maintaining diplomatic relations—opening small representative offices in Baghdad and allowing Iraqi representation in their capitals—is low relative to the potential commercial gains.*

- *In the past year and a half, two countries have established a diplomatic presence in Baghdad where none had existed before the Gulf war, six countries have reestablished their diplomatic representation, and two countries have upgraded their representation—bringing diplomatic representation in Baghdad to 51 embassies and four interests sections.*
- *Baghdad continues to score its most important diplomatic successes with Middle Eastern and European countries.*

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### Increasing Diplomatic Representation in Baghdad

Intent on courting Saddam's favor to expand economic ties with Iraq, many countries have allowed Iraq to upgrade diplomatic representation in their capitals and have opened embassies in Baghdad over the past fifteen months. Iraq has persuaded these states that the erosion of UN flight restrictions, regularly unchallenged no-fly zone violations, the establishment of international railways and pipelines, and senior-level visits to Baghdad prove that sanctions are eroding and that they need to repair their diplomatic relations with Iraq in order to capitalize on the imminent commercial bonanza.

Governments are trading the political cost of opening small representative offices in Baghdad and allowing Iraqi representation in their capitals for potential commercial gains. Even now, Baghdad is offering commercial rewards through the UN oil-for-food program, and Iraq will need massive trade and investment in the postsanctions period. Nearly as many countries attended the Baghdad International Trade Fair in 2000 as before sanctions, according to press reports. Thirteen ministers attended the opening ceremony and over 1,500 companies from 45 countries and territories were represented vice the 55 countries and territories that were present prior to sanctions.

Baghdad continues to score its most important diplomatic successes in the Middle East and Europe, making fewer gains in Asia and Africa. There are now 51 missions in Baghdad (including two that were first opened in the postwar period) and four interests sections; 70 countries maintained embassies in Baghdad prior to the Gulf war. Reciprocally, Iraq's 61 diplomatic missions (including four that were first opened in the postwar period), five interests sections (one opened in the postwar period), and two consulates in economically and politically important countries abroad are approaching pre-Gulf war levels of 70 diplomatic missions and four consulates abroad. (See appendix).

### Regional Ties Improve Significantly

Iraq places priority on restoring its diplomatic relations with Arab countries in an effort to regain its regional standing. Over the past year, Iraq reopened embassies in Bahrain and the UAE and upgraded its interests section in Egypt to an embassy with a charge—all of which responded in kind—and established an interests section in Syria under the Algerian flag. Kuwait and Saudi Arabia are the only countries of the six Gulf Cooperation Council states that have not reestablished ties to Baghdad:

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- Egypt and Iraq upgraded diplomatic ties late last year by converting interests sections under India to embassies reopened at the charge level. Last year, Egypt was Iraq's top supplier under the oil-for-food program, accounting for 14.5 percent of approved Iraqi orders,
- Syria has allowed Iraq to establish an interests section in Damascus. Relations have improved significantly over the past few months with the opening of the Syrian-Iraqi pipeline, exchange of senior-level delegations, and the easing of travel restrictions, according to press reports.
- The UAE reopened its embassy in Baghdad in mid-May 2000 and Iraq reopened its embassy in the UAE the following month in order to facilitate humanitarian assistance for the Iraqi people, according to press reports.
- After withdrawing its ambassador but never formally closing its mission in Baghdad in 1990, Bahrain sent a chargé back to Iraq in February 2000 in order to look after the welfare and interest of its Shia pilgrims during their travels to the holy sites in southern Iraq,  
[redacted] Iraq has consistently maintained a  
charge in its embassy in Manama since the Gulf war.

#### Reeling in the Europeans

Baghdad has convinced most European countries that re-engaging Iraq diplomatically will prevent them from falling behind in the sweepstakes for Iraq's commercial favors. In the past year and a half, the Ukraine and Belarus have opened first time embassies; Switzerland and Germany reestablished diplomatic ties; Norway, Portugal, Austria, and the Netherlands are making plans to reopen missions; Armenia has agreed to establish first time representation, but still has not opened a mission; and Turkey has upgraded its level of representation from chargé to ambassador:

- Iraq's implied quid pro quo for an October 2000 trade and economic agreement with Kiev was the establishment of a Ukrainian mission in Baghdad, [redacted] Ukraine currently has a single representative at the charge level in Baghdad until its embassy opens; Iraq opened a consulate in Kharkiv and is close to establishing an embassy in Kiev.

- Norway, the Chair of the UN Sanctions and Compensation Committees on Iraq for the next two years, confirmed plans early this year to reopen an embassy in Baghdad staffed with a charge. [redacted]
- Claiming its firms are at a disadvantage against European competitors who have active embassies in Baghdad, Switzerland decided in late November to reopen its embassy in Baghdad but will wait before appointing an ambassador, according to press reports. Two diplomats will be dispatched to the embassy to oversee humanitarian aid, provide for Swiss economic interests, and issue visas.
- Portugal recently announced that it will reactivate its embassy in Baghdad—which never officially closed—at the charge level in 2001 because of strong Portuguese interests in Iraq's oil sector. [redacted]
- The Netherlands worries that it is behind other European countries in reestablishing relations with Iraq and plans to reopen its embassy in Baghdad and accredit a charge in early 2001. [redacted]
- Spurred by Germany's business interests and professionals intent on safeguarding its commercial interests, Berlin re-staffed its embassy in Baghdad at the charge level at the end of 1999, re-assigning a mid-level diplomat resident in Amman for the task, according to press reports. [redacted]

#### Limited Progress in Asia

[redacted]

Iraq has not made significant advances in diplomatic ties with Asia over the past year, except for Japan, which upgraded its diplomatic representation in Baghdad following an increase in economic exchanges and the number of Japanese trading firms that are sending employees to Iraq on oil-related projects:

- Tokyo decided in November 2000 to partially reopen the Japanese embassy in Baghdad—which has been closed since January 1991—by sending three Amman-based diplomats to work in Iraq two out of every three weeks, according to press reports. Iraq never closed its embassy in Tokyo because of Japan's commercial importance.

- Iraq has amply rewarded China, which maintains the largest diplomatic mission in Baghdad, for its political support on the UN Security Council with a large share of oil-for-food contracts
- Despite increased ties between Iraq and Singapore last year, neither country has proposed opening an embassy. However, Baghdad might make economic overtures to entice Singapore diplomatically during its tenure as a nonpermanent UN Security Council member.

#### **Mixed Bag with Africa**

Baghdad has courted African countries for the past fifteen months, particularly those on the UN Security Council, but has had little success in establishing diplomatic ties:

- Mauritania and Iraq severed diplomatic relations in November 1999 following Iraqi criticism of Nouakchott's recently established diplomatic ties with Israel, according to press reports, and Namibia reversed public statements that it would establish diplomatic relations.
- South Africa formally requested that Iraq provide property for an embassy and residence in Baghdad in exchange for a reduction of the weapons debt Iraq owed, but Pretoria has not yet opened an embassy.
- Iraq was allowed to open an embassy in South Africa, one of the few places, including the Holy See (Vatican City), Ukraine, and Belarus where one had not existed before the Gulf war. Iraq purchased property and opened its embassy in Pretoria in December 1999 with funds from a frozen Iraqi account in Durban which was released by South Africa.
- Senegal invited Iraq to reopen its embassy there, which closed soon after the Gulf war.

#### **Further Expansion Likely to Follow**

Saddam's political and economic progress over the past year will encourage him to push more aggressively to erode UN sanctions and to reassert Iraq as an important international player. Iraq will continue to focus on its two strongest leverage points—commercial incentives and its humanitarian plight—to attract greater diplomatic ties, which Saddam sees as key to rebuilding his international image and enhancing his ability to resist US demands on issues like weapons inspections. Baghdad will continue to score occasional successes with governments that "play the Iraq card" to

demonstrate their independence from Washington or to retaliate against US positions on other issues, such as the Middle East peace process:

- A collapse in talks might radicalize Arab sentiment sufficiently to hasten the reintegration of Baghdad into the mainstream.

- [Redacted]

Saddam could parlay his gains into more significant diplomatic advances throughout the upcoming year if he remains patient and sustains his current incremental, largely nonconfrontational foreign policy approach. Unless there are new revelations about WMD or Baghdad renews actionable threats against neighbors, Baghdad will continue to secure new diplomatic ties.